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**ARIZONA CORPORATION COMMISSION**

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March 3, 2004

Richard H. Silverman  
Salt River Project  
P.O.Box 52025  
Mail Station 236  
Phoenix, Az 85072-2025

Dear Mr. Silverman:

I am writing today to address the Salt River Project's Sustainable Portfolio Process ("SPP"). As we discussed in my office, it is my opinion that monies expended by the Project to attain the SPP goal should be spent in Arizona.

For that reason, I find it troubling that you are purchasing 25 MW of geothermal power from TransAlta in Imperial Valley, California. This purchase is in addition to the 50 MW of wind you purchased from Public Service of New Mexico. According to your estimates on the proposed Initial 6 Year Portfolio, more than half of SRP's SPP goal will be met by out-of-state projects.

In addition to promoting reliable, clean energy, one of the goals of the ACC's Environmental Portfolio Standard, upon which your program is modeled, is to spur investment and create quality jobs in Arizona. I understand that the ACC does not regulate SRP, but I would hope that SRP would consider adopting those values when determining where to purchase renewable energy.

It is my view that the jobs created by our state's utilities should stay in Arizona. Other states should not benefit at the expense of our residents, particularly in light of the fact that the funds used to purchase SPP renewable energy come directly out of the pockets of Arizona ratepayers in the form of SRP's SPP surcharge.

I believe that SRP should immediately rethink its approach to this issue and I implore you to reconsider your policies regarding the SPP.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kristin Mayes".

Kristin Mayes  
Arizona Corporation Commissioner

Cc: Chairman Marc Spitzer  
Commissioner William Mundell  
Commissioner Mike Gleason  
Commissioner Jeff Hatch-Miller  
Executive Secretary Brian McNeil  
Utilities Director Ernest Johnson